



THERMO KING

A GLOBAL SUPPLY SERVICES CASE STUDY



“Global Supply Services has provided us with a very trustworthy solution to supply chain management, allowing us to outsource with confidence.”

Enda McNearn, Thermo King

Thermo King, an Ingersoll Rand brand, is a specialist manufacturer of climate control systems for the transport industry. This global firm wanted to lower their supply chain costs for one of their specialist manufacturing facilities in the Czech Republic to improve its competitive edge.

This particular supply chain, servicing their Kolín plant, consisted of over three hundred different line items that had to be sourced from eighty-eight different suppliers. This caused numerous inefficiencies at nearly every level and had a knock-on effect in other areas of their business. Due to the practice of working with multiple small suppliers, time and money was wasted in the administration, delivery and invoicing of parts.

Thermo King called on Global Supply Services (GSS) to deliver an innovative solution to its problems. By taking over the management of large quantities of low-value parts, GSS was, in a short period of time, able to reduce existing inefficiencies and cut Thermo King's overheads.

This freed up revenue for use in other areas of their supply chain, ultimately allowing them to be more competitive and increase their overall profitability.

The Challenge

Thermo King's European manufacturing hub in the Czech town of Kolín, predominantly focuses on building air conditioning and cooling units for automotive and rail applications.

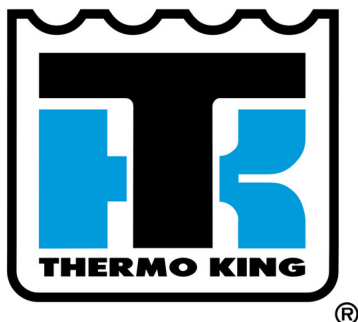
Due to the scale of the venture, the Minneapolis-based firm needed to procure over 300 lines of electric, electronic and electromechanical components from 88 different suppliers.

This meant working with multiple points of contact, which led to numerous problems and inefficiencies.

Upon review, Thermo King's management found that a large amount of money was being wasted on staffing and administration costs due to this process.

These inflated outgoings were compounded by the numerous quality checks that needed to take place that were both complex and time-consuming.

With such a massive supply chain to coordinate, Thermo King decided to outsource. They eventually decided to partner with Global Supply Services (GSS) to help achieve the necessary cost- and efficiency savings at their Czech manufacturing centre.



The Solution

Tasked with managing the procurement and logistics of Thermo King's 'B' and 'C' listed components, Global Supply Services worked closely with company representatives to implement new processes.

Within just four months, the team moved all the necessary inventory to a brand-new centralised facility, located near to Thermo King's Kolín manufacturing facility.

From here, GSS was able to ensure that all parts were delivered directly to Kolín as and when they were required by implementing a regular call-off system that was based on both current and forecasted requirements. This reduced wastage and overspending in the supply chain.

With all parts now being procured, managed and shipped by GSS, Thermo King started to see numerous benefits from this relationship. Most prominent was a reduction in lead time, thanks to this strategic long-term approach to buying. Warehousing, administration and purchasing costs also decreased.

A further benefit that GSS provided was the ability to incorporate buffer stock into Thermo King's purchasing plans. By storing additional materials and providing a constant quantity of buffer stock, GSS enabled Thermo King to quickly react to spikes in demand and maximise their revenue.

Thermo King also relied on GSS to perform all the relevant quality control processes, thereby eliminating their need to deal with multiple suppliers directly. This reduced the cost and time associated with the administration process.

All of this combined meant that Thermo King could divert manpower and resources into both new and existing projects within the organisation.